



TESTIMONY OF
EVERSOURCE ENERGY
Digaunto Chatterjee
Vice President, System Planning
Before the Energy & Technology Committee
February 24, 2022

Re: **S.B. No. 90, An Act Concerning Consultant And Procurement Authority For The Department Of Energy And Environmental Protection.**

My name is Digaunto Chatterjee. I am the Vice President of System Planning for Eversource Energy. I am offering Eversource's testimony in response to S.B. 90 that has been raised for public hearing.

1. Background on Eversource.

Eversource transmits and delivers electricity to approximately 1.27 million customers in 149 municipalities in Connecticut; provides natural gas to approximately 246,000 customers in 74 towns in Connecticut; and our affiliate (Aquarion Water) provides service to approximately 198,000 customers in 51 towns in Connecticut. Eversource employs approximately 9,000 employees across three states. Approximately 50 percent of our employees are members of the International Brotherhood of Electrical Workers, the Utility Workers Union of America or The United Steelworkers covered by collective bargaining agreements. In addition to the employees we directly employ, the infrastructure and other programs we administer generate hundreds of additional Connecticut-based jobs for contractors and subcontractors. Our projects also generate substantial tax revenues for Connecticut and its municipalities, and we are typically the top property tax payer in most of the towns we serve. For example, Eversource's Connecticut affiliates annually pay approximately \$400 million in municipal property taxes and Connecticut gross earnings taxes.¹

2. S.B. No. 90, An Act Concerning Consultant And Procurement Authority For The Department Of Energy And Environmental Protection.

Eversource has the following comments on Section 1 of S.B. 90. Section 1 amends an existing statute that authorizes DEEP to conduct one or more solicitations for energy storage proposals.

Section 1 proposes that DEEP could elect to order electric distribution companies ("EDCs") to enter into contracts with terms up to 20 years to purchase "energy, capacity, any transmission associated with such energy, or environmental attributes, or any combination thereof" for any storage projects selected by DEEP in one or more solicitations. The EDCs explained in their December 2, 2021 comments in a DEEP-administered docket² that there are substantial problems with a power purchase agreement ("PPA") contracting model that contemplates EDCs purchasing title to one or more commodities from third party storage owners.³ Specifically, the PPA model only works when the parties can identify a knowable production

¹ Connecticut property taxes paid and to be paid from July 2019 through June 2020 by Eversource affiliates: CL&P \$186,511,264; Yankee Gas \$33,581,456; and Aquarion Water Co. \$14,526,528. Also, gross earnings taxes paid in 2019 by Eversource affiliates: CL&P \$141,188,143; Yankee Gas \$21,939,623.

² DEEP proceeding entitled "PA 21-53 Comments – Energy Storage".

³ See DEEP proceeding, PA 21-53 Comments – Energy Storage, Dec. 10, 2021 Comments of Eversource and UI at Page 5.

quantity over which to pay the storage project developer, but there is no such knowable quantity with storage for energy. Because energy cannot feasibly be purchased by an EDC from a developer in this context, it is similarly not possible to purchase transmission or environmental attributes associated with any energy. Also, an EDC cannot purchase capacity from a storage developer because an EDC is not serving load, and therefore, cannot use the capacity.

As a result, in their December 2021 comments to DEEP, both EDCs proposed that each contract with a state-approved storage bidder would provide a revenue stream to the storage facility owner in return for the facility owner's satisfaction of State-determined operational and performance criteria.⁴ This approach would ensure that each winning bidder receives a contract-backed revenue stream to help secure financing for their project; avoids the above-described problems associated with an EDC attempting to take title to one more "commodities" in this context; and ensures that the related benefits and risks of a storage project remain with the storage facility owner who is responsible for optimizing facility performance.⁵

This concern can be remedied by striking the following language from Section 1, subsection (c), Lines 34-39, of the Bill as follows: "(c) The commissioner may direct the electric distribution companies to enter into ~~power purchase~~ agreements ~~for energy, capacity, any transmission associated with such energy, or environmental attributes, or any combination thereof,~~ associated with proposals selected pursuant to this section, for periods of not more than twenty years on behalf of all customers of the state's electric distribution companies." This change confirms that an EDC will not purchase and attempt to resell energy, capacity and other commodities from storage developers. Consistent with this change, Lines 39-50 of the Bill would also need to be deleted because an EDC is unable to purchase and resell any environmental attributes associated with commodities such as energy and capacity that the EDC will not be purchasing from storage developers.

⁴ Id.

⁵ Id.